

Q4

2009



Town of Colma Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Colma In Brief

Receipts for Colma's fourth quarter sales were 4.1% higher than the same quarter one year ago. Actual sales were up 4.0% when reporting aberrations were factored out.

Strong sales for new motor vehicle dealers and several categories of general consumer goods were primarily responsible for the current increase. A previous addition helped boost revenues from florist shops.

The gains were partially offset by a onetime accounting adjustment that temporarily depressed receipts from auto leases and a decline in sales from the building & construction sector.

Addjusted for reporting aberrations, taxable sales for all of San Mateo County declined 5.8% over the comparable time period while the Bay Area, as a whole, was down 6.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Babies R Us	Lexus of Serramonte
Barnes & Noble	Lucky Chances Casino & Dining
Bed Bath & Beyond	Marshalls
Best Buy	Michaels
Bev Mo	Nordstrom Rack
Cypress Lawn Cemetery	Old Navy
Gamestop	Pacific Nurseries
Golden Gate Acura	Serramonte Auto Plaza
Home Depot	Serramonte Ford
Honda Lease Trust	Stewart Chevrolet
Honda of Serramonte	Hyundai
Jo Ann Fabrics & Crafts	Target
Kohls	Toyota Motor Credit Corporation

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,863,779	\$4,659,885
County Pool	575,161	523,469
State Pool	2,117	4,522
Gross Receipts	\$5,441,057	\$5,187,876
Cty/Cnty Share	(272,053)	(259,394)
Net Receipts	\$5,169,004	\$4,928,482
Less Triple Flip*	\$(1,292,251)	\$(1,232,120)

**Reimbursed from county compensation fund*

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases. They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

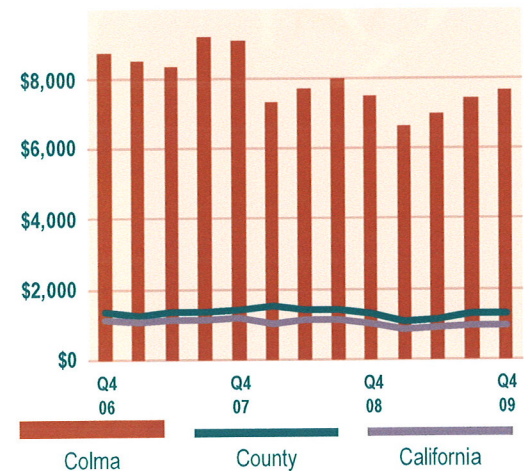
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

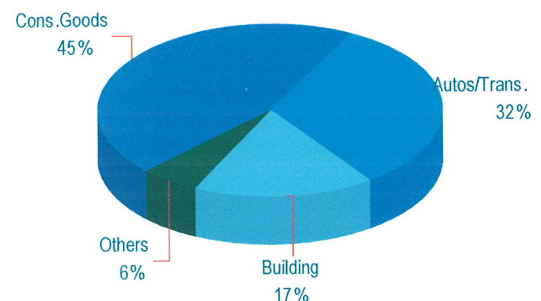
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER ACCOUNT



REVENUE BY BUSINESS GROUP Colma This Quarter



COLMA TOP 15 BUSINESS TYPES

Business Type	Colma		County	HdL State
	Q4 '09*	Change	Change	Change
New Motor Vehicle Dealers	\$496.5	23.2%	4.0%	1.0%
Lumber/Building Materials	— CONFIDENTIAL —		-2.9%	-0.4%
Discount Dept Stores	— CONFIDENTIAL —		3.2%	1.8%
Family Apparel	184.9	4.6%	23.7%	9.4%
Electronics/Appliance Stores	146.7	0.8%	-5.5%	-2.5%
Home Furnishings	51.3	1.3%	-1.3%	-7.3%
Specialty Stores	45.6	0.0%	-10.0%	-5.8%
Package Liquor Stores	— CONFIDENTIAL —		3.3%	-0.8%
Morticians And Undertakers	27.3	11.7%	6.0%	5.5%
Auto Lease	26.2	-55.5%	-43.2%	-47.4%
Restaurants Liquor	21.9	15.6%	4.5%	0.0%
Florist Shops	18.6	279.0%	7.9%	-7.2%
Garden/Agricultural Supplies	— CONFIDENTIAL —		-14.3%	-7.6%
Restaurants Beer And Wine	— CONFIDENTIAL —		-4.6%	-10.2%
Stationery/Book Stores	11.3	-17.2%	-3.7%	-11.1%
Total All Accounts	\$1,650.2	3.7%	-3.2%	-5.9%
County & State Pool Allocation	197.0	7.8%		
Gross Receipts	\$1,847.1	4.1%		
City/County Share	(92.4)	-4.1%		
Net Receipts	\$1,754.8	4.1%		

*In thousands